

SENATE BILL NO. 167

INTRODUCED BY MANGAN, GILLAN

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING THE CREATION OF TECHNOLOGY DISTRICTS; PROVIDING THAT A DISTRICT IS CREATED TO ENCOURAGE DEVELOPMENT OF TECHNOLOGY INFRASTRUCTURE DEVELOPMENT PROJECTS; ESTABLISHING THAT TENANTS OF THE DISTRICT BE PRIMARY SECTOR COMPANIES; ESTABLISHING THAT A TECHNOLOGY DISTRICT MAY USE TAX INCREMENT FINANCING AND ISSUE BONDS FROM TAX INCREMENTS; AMENDING SECTIONS 7-15-4282, 7-15-4283, 7-15-4284, 7-15-4285, 7-15-4286, 7-15-4288, 7-15-4290, 7-15-4292, 7-15-4293, 7-15-4301, AND 7-15-4304, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Technology districts. (1) A local governing body, by ordinance and following a public hearing, may authorize the creation of a technology district for technology infrastructure development projects. The purpose of a technology district is for the development of infrastructure to encourage the location and retention of technology development projects in the state. The tenants of a technology district must be businesses or organizations engaged in technology-based operations within Montana that through the employment of knowledge or labor adds value to a product, process, or export service that results in the creation of new wealth and for which at least 50% of the sales of the business or organization occur outside of Montana or the business or organization is a manufacturing company with at least 50% of its sales to other Montana companies that have 50% of their sales occurring outside of Montana.

(2) A technology district:

(a) shall consist of a continuous area with an accurately described boundary THAT IS LARGE ENOUGH TO HOST A DIVERSIFIED TENANT BASE OF MULTIPLE INDEPENDENT TENANTS;

(b) must be zoned for use in accordance with the area growth policy, as defined in 76-1-103;

(c) may not comprise any property included within an existing urban renewal area district or industrial infrastructure development district created pursuant to this part; ~~and~~

(d) must, prior to its creation, be found to be deficient in infrastructure improvements necessary for technology development;

1 (E) MUST, PRIOR TO ITS CREATION, HAVE IN PLACE A FORMALLY ADOPTED COMPREHENSIVE DEVELOPMENT PLAN
2 THAT ENSURES THE DISTRICT CAN HOST A DIVERSIFIED TENANT BASE OF MULTIPLE INDEPENDENT TENANTS; AND
3 (F) MAY NOT BE DESIGNED TO SERVE THE NEEDS OF A SINGLE DISTRICT TENANT OR GROUP OF NONINDEPENDENT
4 TENANTS.

5 (3) A technology district may use tax increment financing pursuant to the provisions of 7-15-4282
6 through 7-15-4293.

7
8 **Section 2.** Section 7-15-4282, MCA, is amended to read:

9 **"7-15-4282. Authorization for tax increment financing.** Any urban renewal plan, as defined in
10 7-15-4206, ~~or~~ industrial district ordinance, adopted pursuant to 7-15-4299, or technology district ordinance,
11 adopted pursuant to [section 1], may contain a provision or be amended to contain a provision for the
12 segregation and application of tax increments, as provided in 7-15-4282 through 7-15-4292."

13
14 **Section 3.** Section 7-15-4283, MCA, is amended to read:

15 **"7-15-4283. Definitions related to tax increment financing.** For purposes of 7-15-4282 through
16 7-15-4292 and 7-15-4297 through 7-15-4299, the following definitions apply unless otherwise provided or
17 indicated by the context:

18 (1) "Actual taxable value" means the taxable value of taxable property at any time, as calculated from
19 the assessment roll last equalized.

20 (2) "Aerospace transportation and technology district" means a tax increment financing aerospace
21 transportation and technology district created pursuant to 7-15-4296.

22 (3) "Aerospace transportation and technology infrastructure development project" means a project
23 undertaken within or for an aerospace transportation and technology district that consists of any ~~or all~~ of the
24 activities authorized by 7-15-4288.

25 (4) "Base taxable value" means the actual taxable value of all taxable property within an urban renewal
26 area, industrial district, technology district, or aerospace transportation and technology district prior to the
27 effective date of a tax increment financing provision. This value may be adjusted as provided in 7-15-4287 or
28 7-15-4293.

29 (5) "Incremental taxable value" means the amount, if any, by which the actual taxable value at any time
30 exceeds the base taxable value of all property within an urban renewal area, industrial district, technology

district, or aerospace transportation and technology district subject to taxation.

(6) "Industrial district" means a tax increment financing industrial district created pursuant to 7-15-4299.

(7) "Industrial infrastructure development project" means a project undertaken within or for an industrial district that consists of any ~~or all~~ of the activities authorized by 7-15-4288.

(8) "Municipality", for the purpose of an industrial district created pursuant to 7-15-4297 through 7-15-4299 and operating pursuant to 7-15-4282 through 7-15-4293 and part 43 of this chapter, means any incorporated city or town, county, or city-county consolidated local government.

(9) "Tax increment" means the collections realized from extending the tax levies, expressed in mills, of all taxing bodies in which the urban renewal area, industrial district, technology district, aerospace transportation and technology district, or a part of an area or district is located against the incremental taxable value.

(10) "Tax increment provision" means a provision for the segregation and application of tax increments as authorized by 7-15-4282 through 7-15-4292.

(11) "Taxes" means all taxes levied by a taxing body against property on an ad valorem basis.

(12) "Taxing body" means any city, town, county, school district, or other political subdivision or governmental unit of the state, including the state, that levies taxes against property within the urban renewal area, industrial district, technology district, or an aerospace transportation and technology district.

(13) "Technology district" means a tax increment financing district created pursuant to [section 1].

(14) "Technology infrastructure development project" means a project undertaken within or for a technology district that consists of any of the activities authorized by 7-15-4288."

Section 4. Section 7-15-4284, MCA, is amended to read:

"7-15-4284. Filing of tax increment provisions of ~~urban renewal plan or industrial district ordinance~~. (1) The clerk of the municipality shall file a certified copy of each urban renewal plan, ~~or industrial district ordinance, or technology district ordinance~~ or an amendment ~~thereto to any of them~~ containing a tax increment provision with the state, county, or city officers responsible for assessing and determining the taxable value of taxable property within the urban renewal area or industrial district ordinance or any part thereof ~~department of revenue~~.

(2) A certified copy of the ~~each~~ plan, industrial district ordinance, or amendment must also be filed with the clerk or other appropriate officer of each of the affected taxing bodies."

1
2 **Section 5.** Section 7-15-4285, MCA, is amended to read:

3 **"7-15-4285. Determination and report of original, actual, and incremental taxable values.** The
4 ~~officer or officers responsible for assessing and determining the taxable value of the taxable property located~~
5 ~~within the urban renewal area or industrial district~~ department of revenue shall, immediately upon receipt of the
6 tax increment provision and each succeeding year thereafter, calculate and report to the municipality and to any
7 other affected taxing body the base, actual, and incremental taxable values of ~~such~~ the property."
8

9 **Section 6.** Section 7-15-4286, MCA, is amended to read:

10 **"7-15-4286. Procedure to determine and disburse tax increment.** (1) Mill rates of taxing bodies for
11 taxes levied after the effective date of the tax increment provision must be calculated on the basis of the sum
12 of the taxable value, as shown by the last equalized assessment roll, of all taxable property located outside the
13 urban renewal area, ~~or industrial district, or technology district~~ and the base taxable value of all taxable property
14 located within the ~~urban renewal area or industrial district~~. The mill rate determined must be levied against the
15 sum of the actual taxable value of all taxable property located within as well as outside the ~~urban renewal area~~
16 ~~or industrial district~~.

17 (2) (a) The tax increment, if any, received in each year from the levy of the combined mill rates of all
18 the affected taxing bodies against the incremental taxable value within the ~~urban renewal area or industrial~~
19 ~~district~~, except for the university system mills levied and assessed against property, must be paid into a special
20 fund held by the treasurer of the municipality and used as provided in 7-15-4282 through 7-15-4292.

21 (b) The balance of the taxes collected in each year must be paid to each of the taxing bodies as
22 otherwise provided by law."
23

24 **Section 7.** Section 7-15-4288, MCA, is amended to read:

25 **"7-15-4288. Costs that may be paid by tax increment financing.** The tax increments may be used
26 by the municipality to pay the following costs of or incurred in connection with an urban renewal project, industrial
27 infrastructure development project, technology infrastructure development project, or aerospace transportation
28 and technology infrastructure development project:

29 (1) land acquisition;

30 (2) demolition and removal of structures;

1 (3) relocation of occupants;

2 (4) the acquisition, construction, and improvement of infrastructure, industrial infrastructure, technology
3 infrastructure, or aerospace transportation and technology infrastructure that includes streets, roads, curbs,
4 gutters, sidewalks, pedestrian malls, alleys, parking lots and offstreet parking facilities, sewers, sewer lines,
5 sewage treatment facilities, storm sewers, waterlines, waterways, water treatment facilities, natural gas lines,
6 electrical lines, telecommunications lines, rail lines, rail spurs, bridges, spaceports for reusable launch vehicles
7 with associated runways and launch, recovery, fuel manufacturing, and cargo holding facilities, publicly owned
8 buildings, and any public improvements authorized by parts 41 through 45 of chapter 12, parts 42 and 43 of
9 chapter 13, and part 47 of chapter 14 and items of personal property to be used in connection with
10 improvements for which the foregoing costs may be incurred;

11 (5) costs incurred in connection with the redevelopment activities allowed under 7-15-4233;

12 (6) acquisition of infrastructure-deficient areas or portions of areas;

13 (7) administrative costs associated with the management of the URBAN RENEWAL AREA, industrial district,
14 technology district, or the aerospace transportation and technology district;

15 (8) assemblage of land for development or redevelopment by private enterprise or public agencies,
16 including sale, initial leasing, or retention by the municipality itself at its fair value;

17 (9) the compilation and analysis of pertinent information required to adequately determine the
18 infrastructure needs of secondary, value-adding industries in the industrial district, the needs of a technology
19 infrastructure development project in the technology district, or the needs of an aerospace transportation and
20 technology infrastructure development project in the aerospace transportation and technology district;

21 (10) the connection of the URBAN RENEWAL AREA, industrial district, technology district, or the aerospace
22 transportation and technology district to existing infrastructure outside the ~~industrial district or the aerospace~~
23 ~~transportation and technology district~~;

24 (11) the provision of direct assistance, through industrial infrastructure development projects, technology
25 development projects, or aerospace transportation and technology infrastructure development projects, to
26 secondary, value-adding industries to assist in meeting their infrastructure and land needs within the ~~industrial~~
27 ~~district or the aerospace transportation and technology district~~; and

28 (12) the acquisition, construction, or improvement of facilities or equipment for reducing, preventing,
29 abating, or eliminating pollution."
30

1 **Section 8.** Section 7-15-4290, MCA, is amended to read:

2 **"7-15-4290. Use of property taxes and other ~~revenues~~ revenue for payment of bonds.** (1) (a) The
3 tax increment derived from an urban renewal area may be pledged for the payment of revenue bonds issued
4 for urban renewal projects or of general obligation bonds, revenue bonds, or special assessment bonds issued
5 to pay urban renewal costs described in 7-15-4288 and 7-15-4289.

6 (b) The tax increment derived from an industrial district may be pledged for the payment of revenue
7 bonds issued for industrial infrastructure development projects or of general obligation bonds, revenue bonds,
8 or special assessment bonds issued to pay industrial district costs described in 7-15-4288 and 7-15-4289.

9 (c) The tax increment derived from a technology district may be pledged for the payment of revenue
10 bonds issued for technology infrastructure development projects or of general obligation bonds, revenue bonds,
11 or special assessment bonds issued to pay technology district costs described in 7-15-4288 and 7-15-4289.

12 (2) ~~Any~~ A municipality issuing ~~such~~ bonds pursuant to subsection (1) may, by resolution of its governing
13 body, enter into a covenant for the security of the bondholders, detailing the calculation and adjustment of the
14 tax increment and the taxable value on which it is based and, after a public hearing, pledging or appropriating
15 other ~~revenues~~ revenue of the municipality, except property taxes prohibited by subsection ~~(2)~~ (3), to the
16 payment of ~~such~~ the bonds if collections of the tax increment are insufficient.

17 ~~(2)(3)~~ ~~No property~~ Property taxes, except the tax increment derived from property within the ~~urban~~
18 ~~renewal area or industrial district and tax collections used to pay for services provided to the municipality by an~~
19 ~~urban renewal project or an industrial infrastructure development~~ a project, may not be applied to the payment
20 of bonds issued pursuant to 7-15-4301 for which a tax increment has been pledged."

21
22 **Section 9.** Section 7-15-4292, MCA, is amended to read:

23 **"7-15-4292. Termination of tax increment financing -- exception.** (1) The tax increment provision
24 terminates upon the later of:

25 (a) the 15th year following its adoption ~~or, if the tax increment provision was adopted prior to January~~
26 ~~1, 1980, upon the 17th year following adoption;~~ or

27 (b) the payment or provision for payment in full or discharge of all bonds for which the tax increment
28 has been pledged and the interest on the bonds.

29 (2) Any amounts remaining in the special fund or any reserve fund after termination of the tax increment
30 provision must be distributed among the various taxing bodies in proportion to their property tax revenue from

1 the district.

2 (3) After termination of the tax increment provision, all taxes must be levied upon the actual taxable
3 value of the taxable property in the urban renewal area, ~~or the industrial district,~~ or technology district and must
4 be paid into the funds of the respective taxing bodies.

5 (4) Bonds secured in whole or in part by a tax increment provision may not be issued after the 15th
6 anniversary of tax increment provisions ~~adopted after January 1, 1980, and the 17th anniversary of tax increment~~
7 ~~provisions adopted prior to January 1, 1980.~~ However, if bonds secured by a tax increment provision are
8 outstanding on the applicable anniversary, additional bonds secured by the tax increment provision may be
9 issued if the final maturity date of the bonds is not later than the final maturity date of any bonds then outstanding
10 and secured by the tax increment provision."

11
12 **Section 10.** Section 7-15-4293, MCA, is amended to read:

13 **"7-15-4293. Adjustment of base taxable value following change of law.** If the base taxable value
14 of an urban renewal area, ~~or an industrial district,~~ or a technology district is affected after its original
15 determination by a statutory, administrative, or judicial change in the method of appraising property, the tax rate
16 applied to it, the tax exemption status of property, or the taxable valuation of property if the change in taxable
17 valuation is based on conditions existing at the time the base year was established, the governing body of the
18 municipality may request the department of revenue or its agents to estimate the base taxable value so that the
19 tax increment resulting from the increased incremental value is sufficient to pay all principal and interest on the
20 bonds as those payments become due."

21
22 **Section 11.** Section 7-15-4301, MCA, is amended to read:

23 **"7-15-4301. Authorization to issue urban renewal bonds, industrial infrastructure development**
24 **bonds, aerospace transportation and technology infrastructure development bonds, technology**
25 **infrastructure development bonds, and refunding bonds.** (1) A municipality may:

26 (a) issue bonds from time to time, in its discretion, to finance the undertaking of any urban renewal
27 project, industrial infrastructure development project, ~~or aerospace transportation and technology infrastructure~~
28 ~~development project,~~ or technology infrastructure development project under ~~this part and part 42 and this part,~~
29 including, without limiting the generality of projects, the payment of principal and interest upon any advances
30 for surveys and plans for ~~urban renewal the projects, industrial infrastructure development projects, and~~

~~aerospace transportation and technology infrastructure development projects~~; and

(b) issue refunding bonds for the payment or retirement of bonds previously issued by it.

(2) The bonds may not pledge the general credit of the municipality and must be made payable, as to both principal and interest, solely from the income, proceeds, ~~revenues~~ revenue, and funds of the municipality derived from or held in connection with its undertaking and carrying out of urban renewal projects, industrial infrastructure development projects, ~~or aerospace transportation and technology infrastructure development projects, or technology infrastructure development projects~~ under part 42 and this part, including the tax increment received and pledged by the municipality pursuant to 7-15-4282 through 7-15-4292, and, if the income, proceeds, ~~revenues~~ revenue, and funds of the municipality are insufficient for the payment, from other ~~revenues~~ revenue of the municipality pledged to the payment. Payment of the bonds, both as to principal and interest, may be further secured by a pledge of any loan, grant, or contribution from the federal government or other source in aid of any urban renewal projects, industrial infrastructure development projects, ~~or aerospace transportation and technology infrastructure development projects, or technology infrastructure development projects~~ of the municipality under ~~this part and part 42~~ and this part or by a mortgage on all or part of any projects.

(3) Bonds issued under this section must be authorized by resolution or ordinance of the local governing body."

Section 12. Section 7-15-4304, MCA, is amended to read:

"7-15-4304. Presumption of regularity of bond issuance. In ~~any a~~ a suit, action, or proceeding involving the validity or enforceability of, or security for, any bond issued under ~~this part and part 42 and this part, or the security therefor, any such a~~ bond reciting in substance that it has been issued by the municipality in connection with an urban renewal project, ~~or industrial infrastructure development project, or technology infrastructure development project as herein defined shall be~~ is conclusively deemed considered to have been issued for ~~such that~~ that purpose and ~~such the project shall be~~ is conclusively deemed considered to have been planned, located, and carried out in accordance with the provisions of ~~this part and part 42 and this part.~~"

NEW SECTION. Section 13. Codification instruction. [Section 1] is intended to be codified as an integral part of Title 7, chapter 15, part 42, and the provisions of Title 7, chapter 15, part 42, apply to [section 1].

